

(i) The date on which all repairs for damage attributed to the "Policy Voyage" (as defined in the Operator's insurance policy) are completed, when the amount for such repairs does not exceed the franchise or deductible of the policy, or

(ii) The date of the underwriter's rejection of the Operator's marine loss insurance claim or claims.

(Reporting and recordkeeping requirements contained in paragraph (d) introductory text were approved by the Office of Management and Budget under control number 2133-0007)

[55 FR 34919, Aug. 27, 1990, as amended at 61 FR 32706, June 25, 1996]

§ 272.42 Audit requirements and procedures.

(a) *Required audit.* In connection with the audit of the Operator's subsidizable expenses, the Office of the Inspector General, Department of Transportation, shall audit for MARAD the Operator's M&R costs, as necessary, for the determination of final subsidy rates. The Operator shall substantiate those costs recorded on the books of account which have been approved by the Administration.

(b) *Notification of audit results.* Upon completion of the audit by the Office of Inspector General, the MARAD Office of Financial Approvals shall notify the Operator of the audit results, including any items disallowed and the reasons for such disallowance.

[57 FR 34690, Aug. 6, 1992]

§ 272.43 Review and appeal procedures.

(a) *Exclusive procedures.* Notwithstanding the audit appeal procedures of part 205 of this chapter, the provisions of this section shall be the exclusive remedy available to an Operator for the review and appeal of any disallowance of subsidy for a M&R expense claimed or any penalty assessed pursuant to § 272.31.

(b) *Request for review.* An Operator may request review by:

(1) The Director, Office of Ship Operations, with respect to any disallowance by the Region office of a claimed M&R expense, after receiving the notification required by § 272.41(c); or

(2) The Director, Office of Financial Approvals, with respect to any disallowance of a claimed M&R expense, after receiving the notification required by § 272.42(b).

(c) *Timeliness of request.* The Operator shall file all requests for review pursuant to paragraph (b) of this section within 60 days after the date of the audit notification. Any disallowance with respect to which the Operator fails to file a timely request for review shall be final and shall not be subject to appeal to the Board pursuant to paragraph (e) of this section.

(d) *Notification of review determination.* The appropriate MARAD Office Director shall notify the Operator by letter, with respect to each timely filed review request, of the Director's determination and the reasons for each disallowance and whether the determination is final or subject to the submission of additional information.

(e) *Appeal to the Maritime Subsidy Board—(1) Right to appeal.* An Operator may appeal a MARAD Office Director's final determination issued pursuant to § 272.32 (penalties) or § 272.43 (review of claims disallowance or of audit results) of this section to the Board in writing.

(2) *Contents and timeliness.* The Operator shall set forth in any appeal the reasons for the Operator's objection to a penalty or disallowance of M&R subsidy and shall file such appeal with the Secretary of the Board within 60 days after the date of the notification sent to the operator by the appropriate Director pursuant to paragraph (d) of this section or § 272.33.

§ 272.44 Dates.

The dates noted on the letters or notifications sent to the Operator by officials of the Region Office, any Director or any other official or MARAD, pursuant to the provisions of this part, shall be conclusive for the purposes of determining the timeliness of any requests for review made under the provisions of this part.

PART 276—CONSTRUCTION-DIFFERENTIAL SUBSIDY REPAYMENT

Sec.

276.1 Partial repayment—incidental domestic trading.

§ 276.1

276.2 Reporting requirement—partial repayment.

AUTHORITY: 46 App. U.S.C. 1114(b), 1117, 1156, and 1204; 49 CFR 1.66.

§ 276.1 Partial repayment—incidental domestic trading.

In every instance where a vessel, with respect to which a construction-differential subsidy has been paid or allowance therefor has been made in calculating the basic charter hire under section 714 of the Merchant Marine Act, 1936, as amended (49 Stat. 995, 52 Stat. 995; 46 U.S.C. 1151) is operated in other than exclusively foreign trade, the owner or charterer thereof shall pay to the Maritime Administration, not later than March 31 of the calendar year succeeding such operation, the proportion of the difference between the domestic and foreign cost of such vessel that is required to be paid to the Maritime Administration in such act, and particularly sections 506 and 714 thereof.

(Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114)

[G.O. 50, 7 FR 588, Jan. 29, 1942, as amended at 45 FR 68394, Oct. 15, 1980]

§ 276.2 Reporting requirement—partial repayment.

Every owner of a vessel for which a construction-differential subsidy has been paid and every charterer of a vessel constructed under the provisions of the Merchant Marine Act, 1936, shall file with the Maritime Administration a General Financial Statement in the form and at the times prescribed by the Maritime Administration but not less frequently than annually; the amount of the payment due the Maritime Administration on account of the operation of such vessel in other than exclusively foreign trade must be shown in Balance Sheet Account No. 430; and a schedule reflecting the details of the manner in which the amount of such payment was determined must be made a corporate part of the General Financial Statement.

(Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114)

[G.O. 50, 7 FR 588, Jan. 29, 1942, as amended at 45 FR 68394, Oct. 15, 1980]

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PART 277—DOMESTIC AND FOREIGN TRADE; INTERPRETATIONS

§ 277.1 Guam, Midway and Wake.

Steamship service between ports of the United States mainland and ports in the islands of Guam, Midway and Wake is not "domestic intercoastal or coastwise service" within the meaning of section 805(a) of the Merchant Marine Act, 1936. This interpretation is limited to Guam, Midway and Wake and does not signify that a similar interpretation is or would be applicable to Hawaii, Puerto Rico or Alaska.

(Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114. Interprets or applies sec. 805, 49 Stat. 2012, as amended; 46 U.S.C. 1223)

[G.O. 73, 15 FR 9065, Dec. 19, 1950]

PART 280—LIMITATIONS ON THE AWARD AND PAYMENT OF OPERATING-DIFFERENTIAL SUBSIDY FOR LINER OPERATORS

Sec.

280.1 Purpose.

280.2 Definitions.

280.3 Standards governing award of an ODS agreement.

280.4 Standards governing payment of ODS.

280.5 Criteria for determining whether or not civilian preference cargo is carried at a premium rate.

280.6 Calendar year accounting.

280.7 Reporting and recordkeeping requirements.

280.8 Certain ODS agreement provisions not affected.

280.9 Special rules for last year of ODS agreement.

280.10 Waiver.

280.11 Example of calculation and sample report.

AUTHORITY: Sec. 204(b), Merchant Marine Act, 1936, as amended (46 U.S.C. 1114) Reorganization Plans No. 21 of 1950 (64 Stat. 1273) and No. 7 of 1961 (75 Stat. 840) as amended by Pub. L. 91-469 (84 Stat. 1036), Department of Commerce Organization Order 10-8 (38 FR 19707, July 23, 1973).

SOURCE: 42 FR 61460, Dec. 5, 1977, unless otherwise noted.

§ 280.1 Purpose.

The purpose of this part is to prescribe regulations governing the award of operating-differential subsidy agreements and payment of operating-differential subsidy to liner operators